

## **Business Limits Financial Return to ROI to Protect Social Emphasis**

P-CED aims to help disabled children ‘left to die’ in the Ukraine

Limiting the financial return of a social business to return on investment (ROI) can help balance the company’s blended focus on profit and mission, says Terry Hallman, CEO of a U.K.-based social business addressing poverty relief and reformed childcare in the former Soviet Union.

Considering that businesses that issue no shares and therefore distribute no dividends may still offer a financial return, Hallman says he sees ROI as the preferred form of non-dividend financial distribution.

“When we get into divvying up financial profits it’s too easy to get sidetracked by a myriad of possibilities along those lines,” Hallman tells *Axiom News*.

“In that case there is distraction from the primary objective of any given project, the social concerns for people at risk of exclusion, or already excluded, from the opportunity to have a decent, safe, secure life.”

Hallman adds that if “a lot of emphasis is placed on financial returns, the usual suspects can and will get in, figure out to how strip out the social aspects of social businesses and keep all profits to themselves.”

“Think of the corporate raiders on the loose in the U.S. in the 1980s. Same thing. That mindset is the driving force that has created such need for social businesses to begin with.”

People-Centered Economic Development (P-CED), which is based on the U.K. [community interest company \(CIC\) structure](#), issues no shares and has no dividends to distribute, yet does have the option of setting up various for-profit ventures and

offering investors a percentage of financial ROI, according to Hallman.

For instance, if financial investment produces 10 per cent ROI, the investor can contract to receive half of that, yielding five per cent ROI. The social business uses the other half, leaving the principal amount untouched. Ten million dollars at 10 per cent ROI per year yields \$500K to the investor and \$500K for social business operations.

Hallman is currently investigating the setup of a multi-million dollar fund offering split financial ROI if needed, that is, a portion to investor(s) and the remainder to P-CED.

The funds will be directed to concluding a project in the Ukraine which involves funding the training of residents to develop social businesses. Included in this work is supporting children who have disabilities, many of whom have been left to die in secretive locations. P-CED is helping to move these children to safety and give them access to modern healthcare.

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